

**MOTION BY SUPERVISOR MARK RIDLEY-THOMAS**

**JULY 14, 2015**

**Living Wage Increase**

Proposition A, approved in 1978 by voters in the County of Los Angeles (County) permitted the County to contract for services that could be performed more economically by private entities than by County employees. Following the passage of Proposition A, the Board of Supervisors (Board) found that many contractors failed to compensate their employees adequately to allow them to support their families. Contract employees' reliance on various forms of public assistance, including health and social services, created an additional demand on County resources and led the Board to adopt the Living Wage Ordinance (LWO) in 1999. The LWO established a minimum hourly compensation that Proposition A and cafeteria service contractors must pay their workers as a prerequisite to qualify them to contract with and engage in business with the County, and currently affects approximately 200 County contracts and an estimated 4,218 workers according to a departmental survey conducted by the Internal Services Department (ISD).

The living wage rate is a complex two-tiered methodology that requires a rate of \$9.64 per hour for contractors who offer health insurance and a rate of \$11.84 for contractors that do not, and was based on a CalWORKS cash assistance threshold that

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fluctuates based on State budget decisions. Since its adoption, the living wage rate was increased only once, in June 2007. The cost of living based on the Consumer Price Index has increased by over 13% since 2007 and between 2007 and 2013, the cost of a basic health insurance policy doubled according to the County's Auditor-Controller. The County's LWO has not kept pace with changes in the economy and does not reflect the basic costs of living without dependence on government benefits. In addition, due to the implementation of the Affordable Care Act and other legislative changes, the LWO framework and methodology should be restructured to reflect current realities including current housing and consumer costs.

Ultimately, as a contractor, the County has an obligation to ensure that those with whom it contracts pay their workers enough to limit their workforce's reliance on social safety net services that the County provides, and to minimize the subsidy that these forms of public assistance provide to the employers' labor costs.

**I THEREFORE MOVE THAT THE BOARD OF SUPERVISORS:**

1. Direct the Interim Chief Executive Officer (CEO) to work with the Auditor-Controller Director of ISD, and County Counsel to amend the Living Wage Ordinance (LWO) to:
  - a) Eliminate the two-tiered wage;
  - b) Establish a living wage rate of \$13.25 per hour for all full-time and part-time Proposition A contract and cafeteria service workers effective January 1, 2016 with adjustments to \$14.25 per hour effective January 1, 2017, \$15.00 per hour effective January 1, 2018, \$15.79 per hour

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effective January 1, 2019, and annually thereafter based on changes in the Consumer Price Index;

- c) Require non-exempt contractors and their sub-contractors to pay their employees at least a living wage defined as either the approved amount or the County's minimum wage, whichever is higher;
- d) Develop a written Implementation Plan within 90 days that, at a minimum, addresses the prospective timing of living wage adjustments to current Proposition A contracts, cafeteria services contracts and amendments or extensions to existing Proposition A contracts and subcontracts, and immediately applies the new wage framework to current Proposition A and cafeteria services solicitations up to the date of receipt by departments;
- e) Draft amendment language to the Living Wage Ordinance for consideration by the Board of Supervisors within 90 days.

2. Direct the Interim CEO to work with the Auditor-Controller, the Director of ISD, County Counsel, the Director of Health Services, and other affected departments, to consult with Proposition A contractors and representatives of contract workers subject to a collective bargaining agreement to identify issues associated with Affordable Care Act compliance as it relates to the LWO, and to identify options for, and costs associated with, providing group health insurance coverage to all Proposition A contract workers, and provide the Board of Supervisors with recommendations for their immediate resolution within 90 days;

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3. Direct the Interim CEO to work with the Director of ISD to conduct a semi-annual survey of all Proposition A and cafeteria contracts to gather cost and workforce data for all County departments and submit the results in writing as a report to the Board.

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(DJ/VH)